

AV Dawson Group ESG Strategy 2024-2027

A framework for responsible business enabling AV Dawson Group to fulfil its Environmental, Social and Governance (ESG) commitments, and pursue its Just Cause.



ESG Strategy

Contents

Page 3	Introduction
Page 4	What is ESG?
Page 5	The Overview
Page 7	Our ESG Commitment
Page 8	Our ESG Purpose
Page 10	Our ESG Aims - Environment
Page 12	Our ESG Aims - Social: People
Page 14	Our ESG Aims - Social: Community
Page 16	Our ESG Aims - Governance
Page 18	Implementation
Page 19	Oversight
Page 20	External Benchmarks





Introduction

Tuesday 24th March 2020 marked a real turning point for me and no doubt for many other people in AV Dawson and indeed in businesses across the UK. It was the day when the instruction came from on high. The Government requested that we send our workforce home for what would be the start of the first lockdown, to protect people from the COVID-19 virus.

While AV Dawson group companies were soon categorised as key workers and we found new ways to work while keeping colleagues safe, so much changed from that point and in the months that followed. With people social distancing or locked up in isolation, many of us managed to find a rekindled sense of community, health and wellbeing became everyone's absolute priority and we finally awoke to the pace at which we have been destroying our planet. The fog lifted; literally and metaphorically.

Since the COVID-19 pandemic began, we have seen further volatility caused by Brexit, wars and even pirates controlling the Red Sea. Trade, energy, security and inflation have all been impacted.

This domino chain of global events illustrates that we cannot take anything for granted. It has brought our

strategic planning at AV Dawson into even sharper focus to ensure we are resilient, protecting what we have built whilst also inspiring our people to create our future.

AV Dawson has always recognised the importance of looking after our people, our wider community and our planet. However, even before the pandemic, it is fair to say that a new generation of Millennials had shaken us into a greater sense of consciousness; not just Greta Thunberg, but also our own children, who have a genuine worry about whether this planet will still exist for them and their children.

Yes, we were all doing what we thought was our bit for the environment. But now the urgency has increased and the clock is ticking a lot louder.

We have developed this Environmental, Social and Governance (ESG) strategy to ensure we have a proactive, structured approach to delivering our ESG ambitions including our path to net zero.

There's a lot to do and we all have a role to play, so let's approach this in the same way we approach everything else at AV Dawson - with everyone working together to make it happen.





What is ESG?

ESG is a framework for responsible business, enabling AV Dawson Group to fulfil its Environmental, Social and Governance (ESG) commitments, and pursue its Just Cause. Our ESG strategy and framework is underpinned by the United Nations Sustainable Development Goals (SDG). The 17 Sustainable Development Goals are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. The Goals were adopted by all United Nations Member States in September 2015 as part of the 2030 Agenda for Sustainable Development, which sets out a 15-year plan to achieve the Goals and their related targets. We have embraced the goals that are relevant to our own business and stakeholders and incorporated them into our ESG strategy.



Goal 1: End poverty - End poverty in all its forms everywhere.

Goal 2: Zero hunger - End hunger, achieve food security, improve nutrition and promote sustainable agriculture.

Goal 3: Good health and well-being - Ensure healthy lives and promote well-being for all at all ages.

Goal 4: Quality education - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Goal 5: Gender equality - Achieve gender equality and empower all women and girls.

Goal 6: Clean water and sanitation - Ensure availability and sustainable management of water and sanitation for all.

Goal 7: Affordable and clean energy - Ensure access to affordable, reliable, sustainable and modern energy for all.

Goal 8: Decent work and economic growth - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 9: Industry, innovation and infrastructure - Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

Goal 10: Reduced inequalities - Reduce inequality within and among countries.

Goal 11: Sustainable cities and communities - Make cities and human settlements inclusive, safe, resilient and sustainable.

Goal 12: Responsible consumption and production - Ensure sustainable consumption and production patterns.

Goal 13: Climate action - Take urgent action to combat climate change and its impacts.

Goal 14: Life below water - Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Goal 15: Life on land - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Goal 16: Peace, justice and strong institutions - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

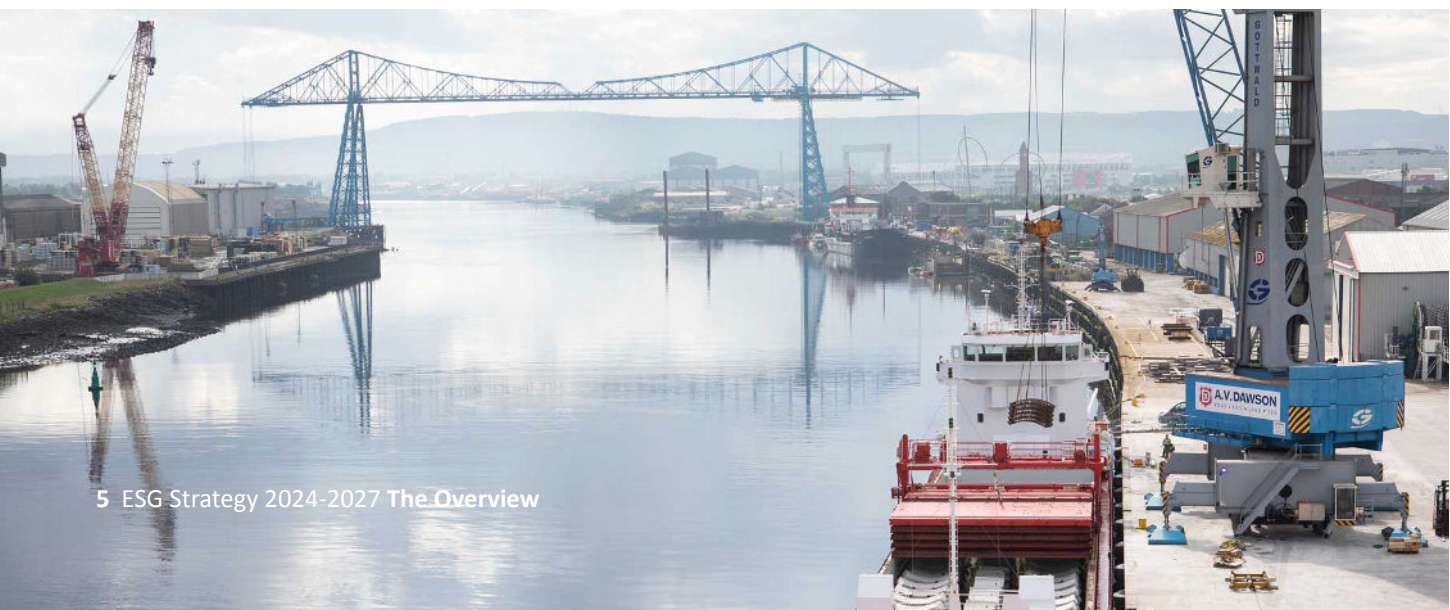
Goal 17: Partnerships - Strengthen the means of implementation and revitalise the global partnership for sustainable development.



The Overview

As we look back at our past year, we celebrate several standout achievements:

- **Next-Gen Inspiration:** we used our new head office to engage with young learners to inspire future industry leaders.
- **Team Unity:** Improved internal communications have helped us build a stronger, more united team. Our Just Cause is also bringing people together behind a common purpose.
- **Responsible Employer:** We have earned recognition for our commitment to being a responsible employer.
- **Clear Vision:** We have created a clear strategic plan, underpinned by individual and team objectives.
- **Eco-Commitment:** We established an environmental benchmark, affirming our dedication to sustainability.
- **Energy Efficiency:** With the completion of various energy efficiency upgrades we have become more eco-friendly and cost efficient.
- **Innovative Tools:** The launch of apps like the Driver handbook and Employee App have provided our employees with comprehensive information on the go.
- **Safety First:** We have reacted quickly to a short-term dip in health and safety performance to bring us back on target.
- **Charity Endeavours:** Our team raised a commendable £20k for community causes
- **Strategic Success:** We have secured Freeport status, important contracts been awarded and launched our Leadership Academy, marking strategic victories.
- **Wellbeing:** We have substantially increased our focus on wellbeing to ensure all colleagues feel safe, secure and supported.
- **Restructure:** We have introduced a group structure, supported by a restructured and expanded board of directors.
- **Acquisitions:** We have purchased new land and an additional business, giving us capacity to support our customers.



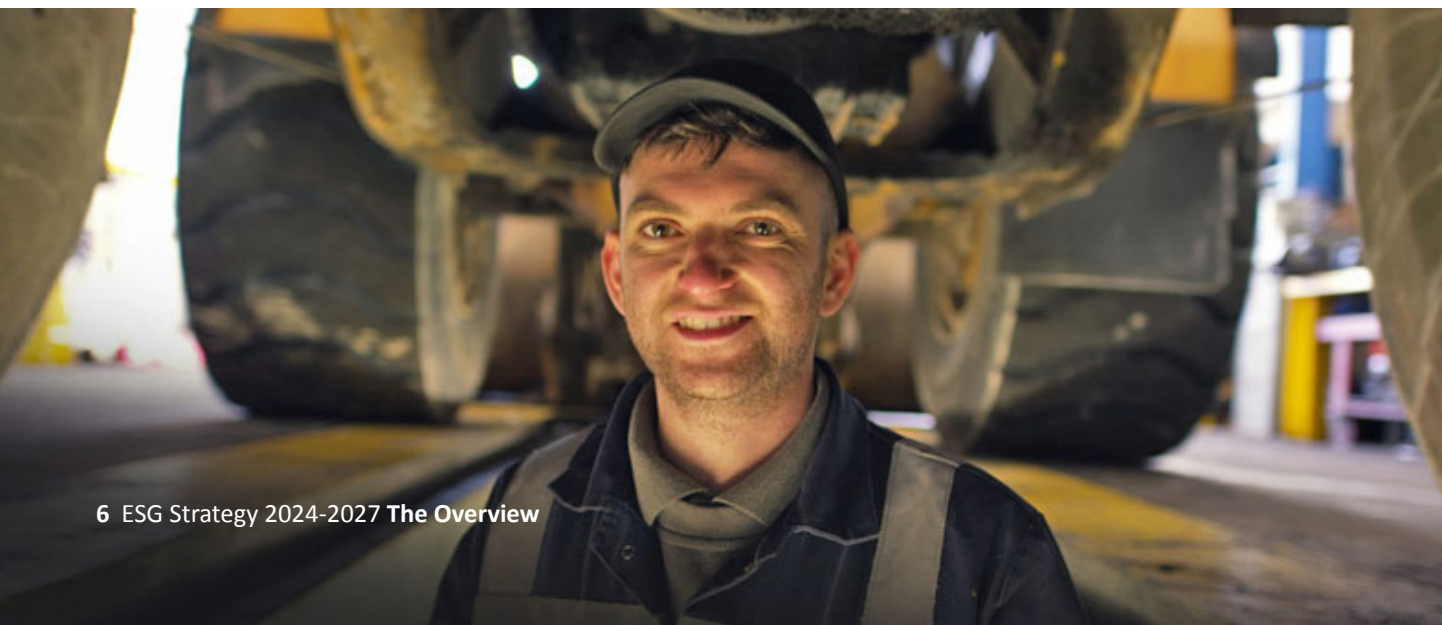


The Overview

The past year was filled with wins. As we move forward, there are new challenges we anticipate in the coming 12 months:

- **People:** Continuing to attract, retain and develop good people and supporting their well-being.
- **RoSPA Gold Standard:** Achieving and maintaining the gold standard in the Royal Society for the Prevention of Accidents (RoSPA) is an ambitious goal, but we are up to the task. It will require our continued focus on safety.
- **Green Supply Chains:** Extending our environmental focus and commitments to our suppliers and tenants will be a complex task.
- **New Customer Generation:** A key area of focus will be attracting new customers to further strengthen our business performance and ensure we are not reliant on any one customer or sector.
- **Local Development:** As the largest industrial development site in Europe, Teesworks represents both opportunities and risks for the business. While we fully support the development of the area, we need to maximise on the benefits this presents for our business.
- **Inflation and cost of living:** These external factors are impacting our operations. We need to continue to find ways to mitigate their effects.
- **Financial Performance:** We need to identify opportunities to strengthen our financial performance. This will require a concerted effort from all of us in terms of efficiency, preventable loss and cost-saving initiatives.
- **Efficiencies Challenge:** Rising costs are a concern for all businesses and we are no exception. We will need to keep a close eye on our overheads and tighten our belts where we can.
- **Group Structure:** We need to embed our new structure, ensuring each of our businesses is healthy and sustainable.

We are embracing these challenges with optimism, confident that the same hard work, dedication, and teamwork that fuelled our success over the past year will empower us to overcome any obstacles ahead.





Our ESG commitments are not just policies; they are promises to our colleagues, our customers and our community.

We are committed to honouring our past, protecting our present, and inspiring a future where AV Dawson stands as a pillar of sustainability, opportunity, and ethical leadership.

This isn't just about us; it's about everyone.



Our ESG Purpose

ESG is a framework for responsible business enabling us to fulfil our Environmental, Social and Governance (ESG) commitments, and pursue our Just Cause.

Environmental

We understand that our environment is the foundation upon which our community and company are built. Our focus on environmental sustainability will recognise the diverse life stories that have shaped us and the Teesside region we proudly represent. We owe it to past, current and future generations the vital lifeblood of our business - to be stewards of the land, air and sea that sustain us. Our commitment to reducing emissions, conserving resources and promoting environmental stability will ensure that we not only maintain our strong reputation but also build a lasting legacy. We are committed to working with like-minded organisations to secure a green future for the forthcoming generations on Teesside.



Litter Pick
Teessaurus Park, Middlesbrough

Social

Social responsibility is not just a buzz word for us; it is a commitment to the well-being of our colleagues, customers, suppliers, and communities. We care deeply for our local area, providing employment, opportunity, and equality. Our social initiatives are designed to inspire everyone by directly addressing today's social, moral, and ethical challenges. We aim to unleash the potential within our colleagues, making AV Dawson a place where opportunities blossom and values are placed front and centre. In doing so, we will set a tangible example of responsibility and leadership that motivates the broader community and other businesses to make conscious, responsible decisions.



School Careers Day
Port of Middlesbrough



Our ESG Purpose

Governance

Good governance is the backbone of any successful business, and for the AV Dawson Group, it's no different. Mindful business decisions are at the heart of our governance model, ensuring that we safeguard our team and protect the AV Dawson name and legacy. Our governance practices will not just be about compliance; they will nurture what we've built to date. By aiming for the highest standards of ethical conduct and transparency, we will respect the trust placed in us by our stakeholders. Our governance framework will serve as a testament to our commitment to securing our shared future, ensuring that we continue to inspire future generations.





Our ESG Aims - Environment

To set the standard in environmental stewardship, driving sustainability beyond offsetting our impact for a healthier planet.

Environment Aims

We commit to being an advocate for high standards of environmental stewardship, actively pursuing sustainable practices and innovations which not only offset our impact, but go above and beyond for a healthier planet.

Environment Priorities

- Improve environmental advocacy through communications channels
- Fully switch energy to renewable sources
- Maximise energy efficiency
- Reduce greenhouse gas emissions
- Sustainable procurement
- Reduce waste to landfill
- Reduce water consumption

Environment





Our ESG Aims - Environment

Key Milestones

Our key milestones to support our environmental aims and priorities have been aligned with the United Nations Sustainable Development Goals.

Next 12 Months



Upgrade infrastructure to support renewable energy sources.



Increase recycling rates by 30%.



Implement and adhere to a sustainable procurement policy that aligns with ESG goals.



Evaluate and select suppliers based on their sustainability and social responsibility goals.

Next 3 Years



Implement practical climate resilience measures in 100% of infrastructure projects.



Achieve zero waste to landfill.



Improve energy efficiency across all operations by 25%, contributing towards our net zero targets.



Establish at least three conservation partnerships.



Our ESG Aims - Social: People

To cultivate a safe and nurturing environment that inspires our people to thrive and make a difference.

People Aims

We commit to being more than just an employer. We will provide a safe, nurturing working environment where our people flourish, feel inspired, and are empowered to make a difference, in and out of the workplace.

Environment Priorities

- Increase employer supported volunteering
- Strengthen inclusive hiring practices, improve work life balance, providing flexibility and family friendly policies
- Support from all employees to enhance and improve customer experience
- Strengthen human rights and protect vulnerable groups
- Development and succession

Social: People



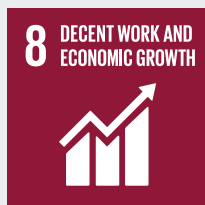


Our ESG Aims - Social: People

Key Milestones

Our key milestones to support our people aims and priorities have been aligned with the United Nations Sustainable Development Goals.

Next 12 Months



Achieve pay equity across gender and ethnic background groups.



Implement mental health support programmes for all employees.



One volunteering time off day per employee and development of a Volunteering Time Off (VTO) policy.

Next 3 Years



Achieve an employee wellbeing score of 80% or higher.



Roll out the Leadership Academy programme aligned to career aspirations for all employees wanting to develop.



Achieve zero lost time incidents.



Our ESG Aims - Social: Community

To serve as a steadfast champion to our community supporting growth, inspiring the next generation, and contributing to our region.

Community Aims

We will be more than just a business. We aim to be an active part of our community, serving as a committed champion, inspiring the next generation, and contributing to the success of the region.

Community Priorities

- Company citizenship
- Charity partnerships
- Community partnerships
- Local supply chains

Social: Community





Our ESG Aims - Social: Community

Key Milestones

Our key milestones to support our community aims and priorities have been aligned with the United Nations Sustainable Development Goals.

Next 12 Months



Establish at least three education partnerships with schools and colleges.



Source 40% of materials and services from local suppliers.

Next 3 Years



Formalise a Company Citizenship Programme.



Formalise a charity and community partnerships model.



Our ESG Aims - Governance

To be a beacon of transparency, fairness, and leadership in our industry.

Governance Aims

We will lead with openness, fairness, and inclusivity. We commit to go beyond best practices, processes and policies, shaping the future with our unique blend of responsibility and forward thinking.

Governance Priorities

- Code of Ethics
- Embed ESG
- Supplier standard
- ESG risk management
- Stakeholder and customer engagement
- Reporting and transparency

Governance





Our ESG Aims - Governance

Key Milestones

Our key milestones to support our governance aims and priorities have been aligned with the 17 United Nations Sustainable Development Goals.

Next 12 Months



Implement a comprehensive Code of Ethics.



Engage with at least 80% of identified key stakeholders annually.



Train 100% of board members on ESG matters.



100% of suppliers signed up to and compliant with standardised Code of Conduct.

Next 3 Years



Integrate diversity metrics into board performance evaluations.



Publish annual ESG goals.



Develop and implement a stakeholder engagement strategy.



Achieve zero incidents of corruption or ethical violations.



Implementation

Implementing a strategy and achieving our aims will take time.

We will start with achievable, short term targets and milestones while we investigate the bigger more complex challenges and commit to more ambitious longer term goals.

Recognising that ESG is a long-term commitment, and that steady and consistent progress is the best way to succeed, we will aim to balance the demands of a growing business with the process of becoming a more responsible and sustainable community.

Alongside this ESG strategy, we have developed a road map to illustrate our key milestones on the path to net zero.



Oversight

This strategy has been developed with the assistance of an ESG consultant, who has worked alongside us to ensure a robust process. We will continue to engage with specialist expertise to ensure delivery through best practice on an ongoing basis.

To effectively manage AV Dawson's ESG strategy, the oversight is led by our People and Culture Director, who is tasked with aligning the strategy with broader business goals and reporting to the Board. The core ESG team, comprising up to eight key personnel from various departments, is responsible for steering the strategic direction, overseeing the implementation of ESG initiatives across the company, and ensuring robust communication and engagement within the organisation.

Operational execution of the ESG strategy is delegated to various department heads, who are accountable for specific ESG objectives that relate to their functional areas. Each department utilises Microsoft Project to manage and report on their initiatives, ensuring that progress is transparent and measurable. Regular updates are compiled into a dashboard that our People and Culture Director reviews, providing a concise overview of performance against the objectives, which helps in the continuous improvement and alignment of the ESG efforts within the company's overall strategy.





External Benchmarks

The below external benchmarks have been used to shape our ESG strategy.



Sustainability Accounting Standards Board (SASB) Standards - Enables businesses around the world to identify, manage and communicate financially-material sustainability information to their investors.



United Nations (UN) Sustainable Development Goals (SDG) - The SDG Global Compact (Human Rights, Labour, Environment, Anti-Corruption) asks companies to first do business responsibly and then pursue opportunities to solve societal challenges through business innovation and collaboration.



The Good Business Charter (GBC) - A simple accreditation which organisations of all sizes in the UK can apply for in recognition of responsible business practices. The AV Dawson Group was accredited by the GBC in 2023 and continues to work to this framework.

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If you feel we are not living by our ESG ambitions, please raise this with us by contacting our compliance team at compliance@av-dawson.com or on **01642 219271**.

